A Newsletter on Recent Evaluation Findings and Methods

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Development Experience Reviews

Two CDIE Studies Evaluate Compensatory and Social Safety Net Programs

by Abbe Fessenden,
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The recent surge in economic policy reform programs has sparked a growing interest in assistance to reduce the adverse social impacts of economic stabilization and structural adjustment. Critics of adjustment programs believe some groups, especially the poor, bear an undue share of these adverse effects. Recent field research, however, has accumulated substantial evidence that the most vulnerable among the poor may be less adversely affected by structural adjustment actions than previously thought. In fact, the poor may suffer more from the postponement of economic policy reforms than from the effects of carrying out the reforms.

Two CDIE desk studies by David Kingsbury examine A.I.D. and World Bank experience with "compensatory" or "safety net" programs. *Compensatory Social Programs and Structural Adjustment: A Review of Experience* (April 1992) and *Programs for Mitigating Adverse Social Impacts During Adjustment: The A.I.D. Experience* (October 1992) focus on aspects of and lessons learned from the World Bank-led Social Dimensions of Adjustment programs and from A.I.D. activities that tried to make the adjustment process more equitable and sustainable.

Inside this issue

Donor Approaches to Social Safety Net Programs

Compensatory programs fall under three broad categories of assistance representing a wide array of activities: employment generation and public works, publicly provided social services for the most vulnerable, and improved targeting of subsidies to the most vulnerable. They have included projects in a wide range of sectors including food assistance.

The World Bank defines compensatory programs as short-term activities designed to redress the social costs of adjustment. These programs are predominantly multisectoral, involving a number of donors that pool several types of assistance into one operation. With this approach, sectoral line ministries can implement a package of projects or monies can be put into a social investment fund that provides grants to private voluntary organizations, ministries, and provincial entities for social projects. (See Box 1 for case study highlights of World Bank-financed programs in Bolivia, Chile, Mexico, and Senegal.) A.I.D., in contrast, usually prefers a single-sector approach, although several ministries, private voluntary organizations, and the private sector might collaborate to implement the program. A.I.D.-supported programs have involved public employee early retirement programs, public works, social action and social investment funds, targeted subsidies, and food aid schemes. Local currency or food assistance has financed almost all of A.I.D.'s compensatory programs. (See Box 2 for case study highlights of A.I.D.'s activities in Mali, Madagascar, and Tunisia.)

Study Findings and Recommendations

The CDIE studies examined the social and political contributions of assistance programs in relation to the economic reform process, strengths and weaknesses in program design and implementation processes, and cost-effectiveness. They found that many of the programs examined suffered from poor program design, unclear objectives, and weak implementing institutions, resulting in expensive and poorly administered programs. Many social services and subsidy programs were existing poverty-alleviation projects slapped together under a new label and were not directly related to the structural adjustment reforms. Many programs were at least implicitly political, designed to garner the acquiescence of potential opponents of the reforms.

Not all compensatory programs targeted the poor. In fact, the only clearly compensatory programs found were employee severance pay and other job creation programs designed to help public and quasi-public employees laid off to streamline bloated public sectors.

The studies found that although compensatory programs should be approached with caution, under the right conditions, they can play an important role—particularly in lending political legitimacy to structural reforms. Further study findings include the following:

Disregard of Income Redistribution Effects. With the major exception of programs targeted to help former public employees, there were few instances in which analysts and decision-makers coherently thought out the cause-and-effect implications of adjustment and economic policy reform measures on income distribution among different population groups. Donors and governments usually spent little time reflecting on who might be hurt, on what capacity public bodies had to implement the programs, and on how to design appropriately targeted programs. The result was that most compensatory programs performed poorly in meeting their objectives.

Maximization of Scarce Resources. Not much thought was given to the opportunity-cost implications of compensatory and safety net programs. Funds for programs are not always added as new resources or additions to exisitng development fi-

A.I.D. Evaluation News

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Box 1. Case Studies: World Bank-led Social Dimension of Adjustment Programs

The Bolivian Emergency Social Fund (ESF) Program: A temporary quick-disbursing program for funding relatively small, simple projects submitted by public, private, and voluntary agencies, as well as an intensive employment program to help control unemployment until the economy reverted to a growth path. Run by an autonomous agency, the program was initiated by the Bolivian Government and enjoyed support at the highest political levels. In its early years, it was one of the most successful programs of its kind. The ESF spent more than $180 million between 1986 and 1990. Over 80 percent of its funds were used to build and rehabilitate social and economic infrastructure. The rest was used for social services, small credit programs, and cooperative development.

The Ghana Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD): A multisector, multiagency program, PAMSCAD at one point comprised 23 projects across 9 sectors, with involvement of 13 different implementing agencies and a multitude of donors. One important objective was to assist former public servants and parastatal employees and the chronic poor through job creation and credit schemes. A.I.D. was one of the donors providing support to this program. Under the $86 million PAMSCAD, the Ministries of Finance and Economic Planning and the local governments had joint responsibility for coordination, while relevant functional ministries implemented projects. Coordination problems and delays in donor funding have always plagued PAMSCAD.

The Chilean Emergency Employment Program (EEP): The largest employment program in Latin America, the EEP had two elements: the Minimum Employment Program, which targeted beneficiaries by setting wages at 25 percent minimum wage and restricted participation to the unemployed, and the Occupational Program for Heads of Household, which determined eligibility through a sophisticated poverty index that placed households in income deciles. The EEP grew out of long experience with social safety net programs and was viewed as a short-term relief effort to balance the effects of Chile's structural adjustment. At its height in 1983, 75 percent of its recipients were women.

The Senegal Directorate for the Insertion and Reinsertion into Employment Program (DIRE): Begun in 1987 DIRE targeted laid-off parastatal workers, civil servants, and recent university graduates in an $11 million program that provided interest-free loans for creating small-scale businesses. Few people used the training programs, fewer than 500 loans were approved, and 32 percent of the new businesses went bankrupt within 2 years.

The Mexico Tortibono Food Stamp Program: This geographically and commodity-based targeted food stamp program was instituted in 1987 to redress the rural poor who had been especially hurt by the elimination of global food subsidies that had been carried out in 1983 as part of Mexico's adjustment package. Although the Mexican Government was reasonably successful in narrowing the program to the poor, the *tortibono* program did not succeed in linking food stamp prices to inflation. The program reached only about 25 percent of the eligible families.

nancing, even with programs as large as those in Bolivia and Ghana (see Box 1). Compensatory programs, therefore, can divert scarce financial and human resources from ongoing high-priority development and investment programs.

Severance Pay, Targeted Credit, and Training Programs. Two African cases show that severance pay for public and parastatal employees can be an effective and efficient safety net and can have a high impact on private sector savings and investment. The Africa Bureau's Policy Reform and Poverty project (see *Structural Adjustment and the African Poor: Evaluation of an Africa Bureau Regional Research Project*) concludes that lump-sum severance payments are not purely political pay-offs; rather, they can be a cost-effective way to stimulate micro- and small-scale entrepreneurial and agricultural production activities while providing a safety net for displaced public workers. This appears to be more likely when public sector employees have already gained some entrepreneurial experience through moonlighting.

In contrast, credit programs for laid-off public service workers were fraught with problems and appeared less successful. Some programs were often little more than outlets for cronyism, with heavily subsidized loans granted largely on political grounds. Targeted credit programs have tended to be poorly run, underutilized, ineffective, and expensive.

Skills transfer activities reviewed by the studies seem to have been poorly designed. They may not have met the needs of the participants, were management intensive, and costly. Participation in training programs was very low in Senegal and Ghana;

Box 2. Case Studies of A.I.D.'s Experience With Social Safety Net Programs

The Mali Voluntary Early Departure Program (VED): A component of the A.I.D.-sponsored Mali Economic Policy Reform program, VED had two stated objectives: increasing public sector efficiency through reduction of government salary outlays through voluntary departure of 600 employees in 2 years and reinforcing the private sector through private bank and local consulting firm support of small-scale enterprises. The program comprised three components: a severance pay program, a loan guarantee fund, and a study for preparation of investment feasibility dossiers for loan applicants. When the policy conditions of the Economic Policy Reform Program had been met, the Government of Mali released cash disbursements for VED. The severance pay program was funded through local currency generation.

The Tunisia Rural Works Program: Partially supported through the A.I.D. PL 480 Title I program, the Tunisia program had the dual objectives of providing a safety net for unemployed workers, especially in construction and industry, and aiding farmers hurt by the 1988-1989 drought. The $57 million program was therefore both a compensatory and a relief effort operating in urban and rural areas. It targeted beneficiaries by setting wages so low that only the poor would apply. The length of employment of any individual was related to the intensity of unemployment in the region.

The Madagascar Food for Progress Program: To support rice market liberalization and formation of a buffer rice stock, this PL 480 program had three purposes: to intervene through buffer stock sales in the open market during lean years in order to keep prices within reasonable limits; to ensure continued public distribution of rice at official prices to the needy, phasing down sales as domestic market prices stabilized; and to serve as emergency stock. Begun in 1986, the program did not specifically target the poor. The United States provided 30 thousand tons of rice in the first year and the World Food Program provided an additional 5 thousand tons during 1987 and 1988. However, a 25 thousand ton Soviet "gift" of Thai rice, domestic political agendas, and excellent rice-growing conditions made the system unworkable after the 1986-1987 season. The program ceased operations after the first year.

however, low participation may have reflected the quality of the training more than lack of desire for training.

Targeted Labor-Intensive Public Works. Usually, short-term safety net programs try to reach the vulnerable very quickly through targeted public works programs that require only unskilled labor. These projects try to employ as many people as possible from among the most vulnerable groups. It is therefore difficult to combine in the same project emergency-relief activities, which employ unskilled laborers, with activities focusing on asset creation, which rely on developing workers' skills through skills transfer. The former relies on immediate results, whereas the latter can produce results only in the long term.

PL 480 Food Aid. Food aid has the potential to serve a very useful purpose as leverage in policy dialogue and in safety net programs; however, it appears to provide less flexibility than other instruments used to promote policy reform, predominantly for two reasons. First, as a policy reform instrument, food aid is directly affected by changes in domestic production. Second, food aid affects complex consumption relationships that can be politically sensitive for A.I.D. Thus, when a host government fails to meet a particular conditionality, cutting food aid could appear more like bullying than abiding by the terms of an agreement. Cash transfers and commodity import programs, on the other hand, are not prone to these problems and thus may be more effective instruments in such cases.

Conclusions

The studies concluded that A.I.D. should enter into short-run compensatory programs with caution. It should conduct a careful analysis of the proposed activity before committing Agency resources to its support. The Agency must not confuse compensatory programs, which are designed specifically to alleviate temporary adverse effects from structural and economic policy reforms, with traditional poverty alleviation programs, which can usually achieve results only in the long term. Proposed projects should be classified as compensatory only when they actually alleviate the short-term negative effects of structural adjustment and policy reforms on particular groups in the population. Moreover, A.I.D. should give close consideration to the program's political justifications, as well as to the host government's commitment to the proposed project. Indeed, host country support and involvement, irrespective of donor agendas, is very important to the success of these programs. Finally, A.I.D. should consider carefully the cause-and-effect implications of policy reform measures on income distribution when planning compensatory programs. Missions

should use "decision tree" devices and checklists to navigate their way through the process, with A.I.D. participation contingent on several factors:

- The nature of the adjustment and reform programs pursued in the host country
- The income and resource distribution effects of the reforms between social groups and geographic regions
- The financial and human resource capability of the local governments and resident A.I.D. Missions to carry out the safety net programs
- The political, administrative, and economic feasibility of programs

For more information on these studies, contact Abbe Fessenden, Center for Development Information and Evaluation, Agency for International Development, SA-18, Room 215B, Washington, D.C. 20523-1802.

Legal Development and the A.I.D. Democracy Initiative

by Gary Hansen,
Center for Development Information and Evaluation

You are a democracy project officer in a typical developing country charged with creating a program for strengthening democracy and the institutions of governance. You know that your host country has a weak record for enforcing the rule of law, protecting human rights, and prosecuting human rights violators. Thus, law and justice seem to be clear candidates to include in your democracy portfolio.

But what do you do to improve the rendering of justice in a society? Are there lessons from A.I.D. or other donor strategies for investment in judicial and legal development? The Center for Development Information and Evaluation (CDIE) is seeking answers to these questions through a review of Agency programs and foundation experience (Ford and the Asia Foundations). Foundations in particular have a long track record in investments in law and development.

As part of its review, CDIE recently completed assessments of the A.I.D. Administration of Justice (AOJ) project in Honduras and Colombia and of the A.I.D., Ford, and Asia Foundation programs in law and development in the Philippines. Further studies will be undertaken in Sri Lanka and the Southern Cone of Latin America. After completion of these case studies, a final synthesis report will be prepared that should provide insight into the variety of legal development strategies that can be designed for country democracy and governance strategy.

This article on Honduras is the first in a series focusing on results of the country studies. The Honduras AOJ project is one of the boldest and most ambitious strategies being undertaken as part of the Agencywide democracy and governance initiative. The project is supporting an effort to convert the judicial system from one based on patronage to one based on merit, in which appointments and promotions are made objectively. In the context of Honduras, this effort represents a profound institutional transformation, one that A.I.D. deems essential to enhancing and sustaining judicial performance and autonomy.

In Honduras, the spoils system has traditionally been pervasive, with the two major political parties generally controlling appointments to the court system and the government bureaucracy. This situation has served to diminish the stature of the judiciary and has opened the justice system to public charges of incompetence, corruption, and favoritism. Further compounding the problem are underfunded courts and rising case backlogs, with many defendants imprisoned for years awaiting trial and sentencing.

The A.I.D. bilateral project in Honduras began late in the 1980s, with the Government of Honduras accepting the condition that the judiciary would need to move from a personalistic, clientelist mode of operation to a merit-based career service. Thus, A.I.D. worked with the Government in a complete overhaul of the judicial personnel system, with the development and introduction of competitive examinations for recruitment and merit promotion based on performance standards.

At the time CDIE undertook the study of the Honduras AOJ effort in late 1992, the new merit system was being used for recruitment but was still in the design and development stage for internal performance appraisals. Those interviewed voiced considerable uncertainty about the new system's abiltiy to survive, at least in the near term, without continuous A.I.D. presence. They were uncertain that the country could resist pressures for a return of patronage appointments.

A second element of the AOJ strategy was an effort to increase the judicial budget to support more judges, administrative staff, and logistical support considered necessary for expanding judicial services and improving performance. This activity has included introducing modern computerized procedures for managing the budget and preparing more coherent program and budget submissions for addi-

tional resources from the Ministry of Finance. It is still too early to determine whether the Government, hard-pressed by an International Monetary Fund structural adjustment program, will be able to provide significant budget increases.

A third component of the Honduras AOJ strategy was to recruit lawyers to serve as public defenders, public prosecutors, and justices of the peace—roles that previously had not commanded much support or stature. The CDIE study indicated that, although these men and women were bringing a new sense of dynamism and commitment to the judiciary, many reported that a range of structural reforms was needed to further improve judicial performance.

The most frequently mentioned structural reforms included (1) limiting the role of judges and keeping them from undertaking investigatory functions; (2) abandoning the time-consuming practice of written trials and converting to oral trials; and (3) creating conciliation mechanisms to take on cases that are not appropriate for traditional court settings, thereby relieving caseload congestion.

Most important [in Honduras] is the daunting prospect of moving from the traditional practices of patrimonial judicial administration to a professional one based on merit.

The interviews conducted indicated that the adoption of a career service might be a necessary but not sufficient condition for improving judicial performance. A wide range of structural issues still remain to be addressed before progress can be shown in increasing court efficiency and effectiveness, particularly in the way in which the court organizes its work and allocates responsibilities among its staff.

A number of questions and issues arise concerning the relevance of the Honduras strategy in the design of legal development projects in other country settings. Most important is the daunting prospect of moving from the traditional practices of patrimonial judicial administration to a professional one based on merit. Similarly, the more efficient reallocation of tasks among judges and other court personnel frequently requires major changes in status and role definitions that will not come easily within the conservative environment of most judicial institutions.

Together these changes constitute a basic reformation in "corporate court culture." It is not clear that these changes can be consummated and consolidated without considerable pressure and demand from the public and interested outside constituencies (e.g., citizen watchdogs and the media), which currently are not much in evidence in Honduras. Thus, strategies, like the one used in Honduras, will likely need to feature work on both the supply (changes in court practices) and demand side (generating public pressure) of the institutional change equation.

Generating public demand for judicial reform entails identifying local nongovernmental organizations that have or might have an interest in legal aid and legal advocacy. Support for developing legal activism or infrastructure in the nongovernmental sector also constitutes a means of diversifying the legal development portfolio, thus ensuring that progress will not be entirely dependent on unfulfilled host government promises of change in the formal institutions of justice.

A second strategic issue concerns the cost-benefit ratios associated with investments in legal development. Investments in the formal court system, which features the employment of predominately urbanized, highly trained, and cost-intensive legal expertise, remain relatively inaccessible to most people, the vast majority of whom are poor and perhaps living in remote locations. The challenge is therefore one of crafting strategies that could extend the benefits of the law to these individuals, particularly populations suffering from major injustices, disadvantaged groups such as women, agricultural tenants, minorities, and so forth.

Finally, much of the Honduras strategy is focused on improving the criminal judicial system. The question arises whether this is the sole or dominant sector in which reform should begin. Few organized constituencies have a vested interest in devoting much time or resources to pressing the Government to improve the system of criminal justice, except perhaps for the most flagrant individual cases of human rights violations in criminal proceedings.

Are there other sectors of society and the economy better suited for constituency-led legal reform? Some elements of the business sector could serve as such a constituency, largely because of their presumed interest in improving court performance in such areas as property protection, contract rights,

and reduction of the transaction costs associated with corrupt and inefficient litigation procedures. However, the business community may be fragmented, or some of the larger industrial conglomerates may have a vested interest in perpetuating a climate of legal unpredictability to keep potential competitors at bay. Such factors would clearly dampen their enthusiasm for reform.

In summary, the Honduras AOJ effort suggests many complexities and uncertainties that exist in the art and craft of designing a legal development strategy. It is suggestive in the sense that A.I.D. is still early in the learning curve for formulating pertinent questions and issues about appropriate and feasible strategies for addressing issues of the rule of law.

A.I.D. should closely monitor the Honduras case because of the bold features it represents and the lessons it should yield about undertaking such an ambitious reformation of the formal institutions of the judiciary. For the democracy program officer, however, the Honduras case represents only one of a variety of possible approaches. A range of other possible strategies will be explicated in the other CDIE studies. Those will be reported in future editions of *A.I.D. Evaluation News.*

Further information on this topic can be obtained from Gary Hansen, Center for Development Information and Evaluation, Office of Evaluation, Room 220B, SA-18, Washington, D.C. 20523-1802. Telephone (703) 875-4853, Fax (703) 875-5269.

Evaluation Design and Methodology

Doing Democracy: Developing a Strategy for A.I.D.

by Harry Blair,
Center for Development Information and Evaluation

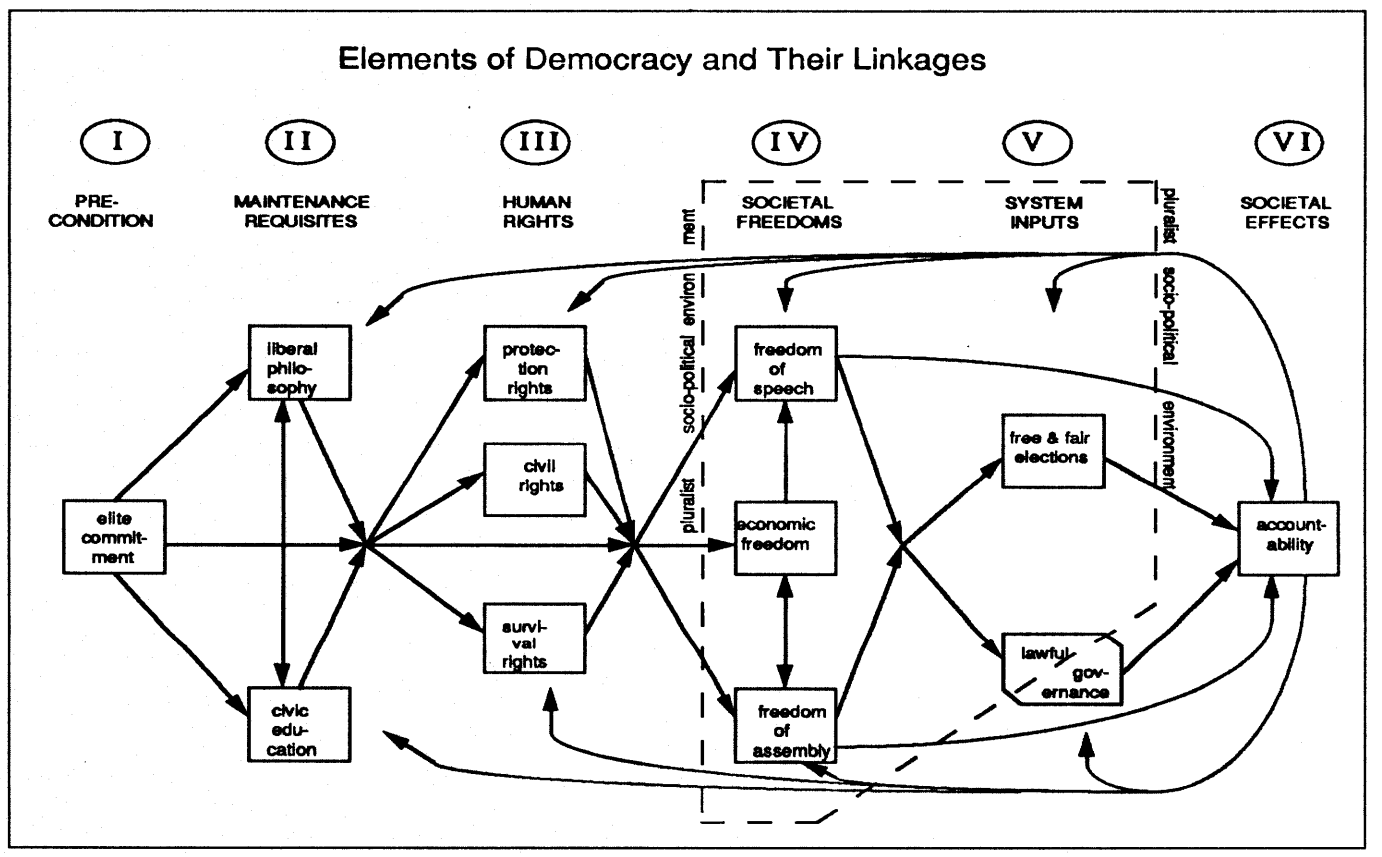
Increasingly important as an A.I.D. theme in recent years, democracy has now been declared as one of the Agency's four priority areas for the 1990s where progress is essential to ensure sustainable development. The other areas are the environment, population and health, and economic growth.

Thus far, however, there is remarkably little applied theory to guide assistance in democracy. The literature in political science abounds with analyses of what democracy is, how it works (and should work), and how and why it succeeds or fails in specific country settings. But very little is available on how to **do** it—how to make it work—especially in settings where democracy is new or returning after a prolonged absence.

In this respect, democracy stands in marked contrast to economic growth, where theories abound for promoting it. To be sure, there is much conflict among these theories and many of them have been put into practice and found (sometimes severely) wanting. Still, much economic development theory has been usefully deployed to guide donor policy in developing countries and continues in place today.

What little applied theory exists on building democracy is largely taxonomies and lists, not causal theory suggesting how the various aspects of democracy fit together and where donor interventions might best be directed under what circumstances. In particular, available theory has little to say on two matters of vital significance to donor strategists, planners, and program/project designers: *priorities* and *sequencing*. Donors (as well as host country governments) do not have resources to do everything, so they need information on what is most important to do. They also need to know what to do earlier in the democratization process and what to do later on.

Evaluators also face serious problems with assessments of democracy, for if evaluators are not sure what to do first or when to do it, then surely they will find it difficult to assess whether anything significant has occurred as a result of what the donors and the host governments have done. There are many reasons, then, why evaluators, as well as other potential users of such theory in the international development community, need a usable theory of applied democracy.



To guide the forthcoming assessment of A.I.D. experience in promoting civil society approaches to democracy, analysts at the Center for Development Information and Evaluation developed a prototype theory of applied democracy to help close part of the large gap in this area.

A Model of Democracy

The figure above presents a model of democracy, with elements linked in a causal sequence, beginning with elite commitment on the left and proceeding through stages to accountability on the right. The focus at this most general level is on *processes* or activities (such as freedom of speech or elections) rather than on specific *institutions* (for instance print media or political parties), which will depend on particular country contexts.

Elite commitment is the essential Precondition (labeled under group I in the figure) or sine qua non for beginning a democratic polity and for keeping it in place. To sustain democracy over time, though, more than elite commitment is required; certain Maintenance Requisites (group II) are needed as well, namely *liberal philosophy* (here used in its 19th century meaning denoting a view of society incorporating both democratic politics and a market economy) and *civic education*. These elements in groups I and II in turn support Human Rights (group III), which consist of *protection rights* (e.g., against state torture or arbitrary imprisonment), *civil rights* (freedom against discrimination by ethnicity, gender, religion, and the like), and *survival rights* (some minimal "floor" for social welfare).

The next group (IV) is Societal Freedoms, of which the first is the familiar *freedom of speech*, particularly for the media, and the second is *freedom of assembly*, that is, the right to organize in associations. The third element in the group is *economic freedom*, the right to participate in an open economy. Next in the linkage come the System Inputs of group V, which might be called the "mechanics" of democracy, *free and fair elections* and *lawful governance*. The former have taken place frequently in recent years as developing countries flock to the democratic banner, but the latter is much harder to achieve. Democratic governance might best be described as managing a state that is strong enough both to provide the services it must offer (such as education and public health) and to support the private sector by enforcing commercial law, tax codes, and the like, while avoiding the three principal dangers of corruption, arbitrariness, and ineffectiveness. One added prob-

lem here is that although some sectors of state activity, like the judiciary, should be *insulated* from immediate public influence, others, like education, should be sensitive to what parents want for their children.

The last group is the Societal Effects, or, in other words, *accountability*, which is in the end how the state is made to be responsive and responsible to its citizens. Regular elections are the most obvious mode of ensuring accountability, but the state must be accountable in between elections as well. The principal means for ensuring accountability is making sure the state follows the processes of lawful governance, with the freedom of speech and assembly helping to keep the state on the democratic course. If the polity works properly, accountability will have a feedback effect on the other elements in the system, ensuring that they remain in good working order, which is depicted in the figure by the arrows flowing backward from accountability to the other elements.

Taken together, groups IV and V constitute the *pluralist socio-political environment*, depicted by the dotted line in the figure. Here is the real "guts" of the democratic polity, where the five elements of Societal Freedoms and System Inputs interact with each other to produce accountability. The key to the whole process is meaningful *competition* between groups and agencies operating within each of these five spheres. For example, in freedom of speech, newspapers and broadcasters must compete in exposing wrongdoing and interpreting the politics of the day; in freedom of assembly, advocacy groups must compete with each other to influence policymakers, and so on. In many ways, pluralist competition acts the same way as market competition, forcing both "buyers" (citizens and voters) and "sellers" (political leaders) to compete with each other, thereby preventing domination of the system by a few.

Two aspects of the model should be noted. First, economic freedom in group IV is not directly linked by arrows to elections and governance in group V. Instead economic freedom is linked to freedoms of speech and assembly, which, if all is working well, is how the private sector influences the political process in a democracy. If on the other hand, business does link directly to elections, governance, and accountability, the connections generally reflect some form or other of corruption, meaning that business is gaining undue influence over the polity. Second, the figure shows lawful governance falling half inside the pluralist environment box and half outside. This is because although some state functions (e.g., education) should be subject to popular inputs, others (e.g., tax collection) should not.

Democratic governance might best be described as managing a state that is strong enough both to provide the services it must offer . . . and to support the private sector . . . while avoiding corruption, arbitrariness, and ineffectiveness.

Building a Democracy Strategy

Elite commitment (the model's first element) and accountability (its last element) are the two most important components in sustaining a democratic polity. But neither can easily be a direct target for A.I.D. support. Elite commitment is primarily self-generated (though it benefits from donor encouragement), and accountability is essentially a "downstream" or dependent effect of the other elements in the system, rather than an independent element (though it in turn affects the other elements through the feedback mechanisms already mentioned). The most appropriate elements for foreign assistance, then, are those in the middle of the process, namely Human Rights, Societal Freedoms, and System Inputs, as previously outlined.

Which elements should get higher priority in A.I.D. activities? The answer depends on how far a country has progressed along the democratic path. A nation like Chile, which is returning to democracy after a prolonged detour, has the elements of groups III-IV essentially in place, as well as the free and fair elections component of group V. Assuming continued elite commitment, aid could then be most fruitfully directed "downstream" toward lawful governance. Other nations, like Nepal or Zambia, which in effect are just beginning their democratic experiments, would need more support at the "upstream end," say with Human Rights in group III. The model is not rigidly linear, however. In the Chilean case, for instance, elite commitment can be strengthened and reinforced over time by concentrating on civic education in group II, which will spread commitment to democratic practice (or in other words a liberal philosophy) throughout the polity.

Evaluating democratic progress

The logical place to begin when evaluating a country's state of democratic health would be to examine the group V System Inputs, for if elections and governance are healthy over time, it follows that the backward linkages to the other elements must also be exhibiting strong vital signs. But no democratic system works perfectly, and in any particular country problems are bound to surface. The advantage of the model here is that it offers a guide to tracing such problems back through the chain of linkages. For instance, if there are problems with ballot tampering in elections, it may be that the press cannot monitor and report voting fraud, so the solution lies in improving freedom of speech (in group IV). Or the real problem may be that significant constituencies, such as religious minorities, are simply denied the right to vote, so that the situation is really one of civil rights (in group III). In either case the model provides guidance for diagnosing democratic problems and suggesting solutions.

This model represents an initial endeavor to build an applied theory of democracy that can inform A.I.D. programming strategy in its democracy initiative and can guide evaluation of democratic progress. Readers are welcome to write CDIE for the longer version of this essay (first on the list below) as well as the other related CDIE papers:

"Defining, Promoting, and Sustaining Democracy: Formulating an A.I.D. Strategy for Development Assistance and Evaluation," by Harry Blair.

"A.I.D. Support for Democracy: A Review of Experience," by Gary Hansen.

"A.I.D. and Democratic Development: A Synthesis of Literature and Experience," by Michele Wozniak Schimpp.

Readers may also wish to look at "Designing and Evaluating Democracy Programs, State of the Art," by Gary Hansen, in *A.I.D. Evaluation News* 4, 3 (1992), pp. 9-10.

Strategic Evaluation: Combining Inquiry With Commitment

by Randal Thompson-Dorman, USAID/Nicaragua

Strategic evaluation combines investigation of a situation with building a commitment among major stakeholders to improving it. Developed by Richard Bawden of Hawkesbury Agricultural College in Australia, strategic evaluation embraces the traditions of participatory evaluation, which holds that evaluation must involve the people associated with a project or program under review, and of action research evaluation, which states that evaluation will inevitably change an activity therefore making improvements, not just passing judgment. A.I.D. has used strategic evaluation already in assessing Agency-funded agricultural universities in Pakistan and in Costa Rica.

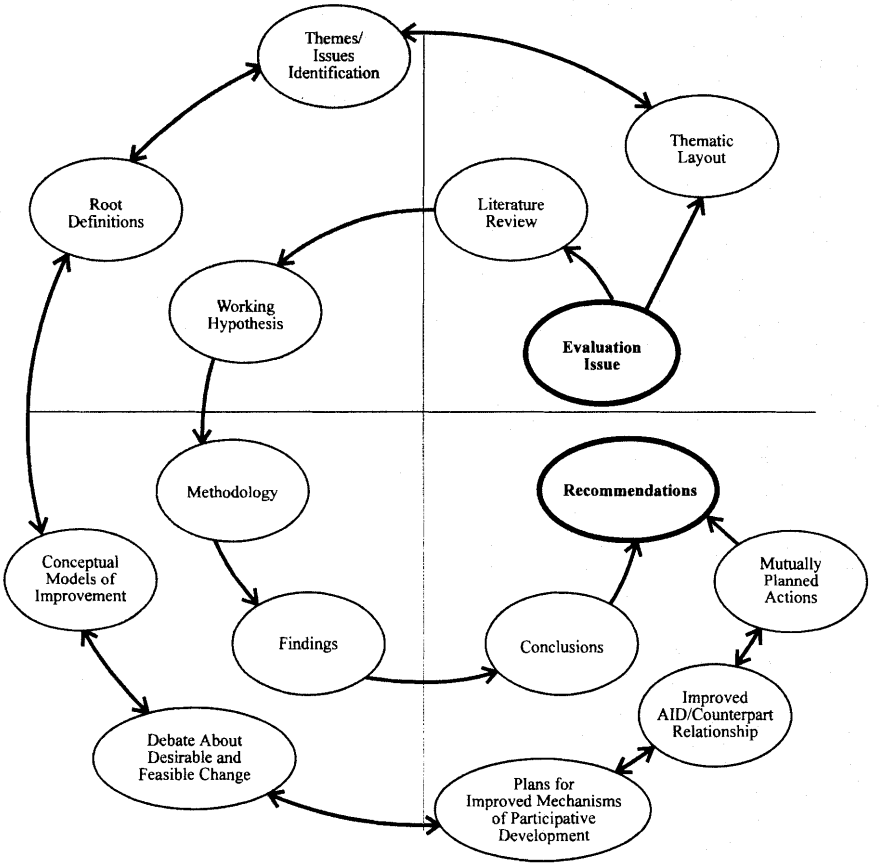
Strategic evaluation differs from most other approaches to traditional evaluation. Strategic evaluation is conducted with a group of stakeholders who meet to decide how they can improve their project or program. In seeking improvements, the group reviews past performance and decides whether performance has contributed to commonly held goals and is leading the project effectively to success. Using this approach, an orientation toward the future is merged with evaluation's more traditional retrospective focus and, in this way, strategic evaluation parallels strategic planning.

Traditional evaluation, as represented by the inner circle on the diagram following, first determines a topic to evaluate, such as how well a particular development program is performing, then proceeds with a review of the literature on the topic. For a project evaluation, the literature review usually will include review of implementation reports, project papers, and project files. Next, a working hypothesis for the project is developed, which often comprises the output, purposes, and goal statements of the project logical framework and becomes the focus of the evaluation.

The method of inquiry for testing the hypothesis is then determined. In most A.I.D. projects, this entails conducting interviews, site visits, document reviews, and other methods. In carrying out this process evaluators derive findings about the hypothesis, draw conclusions, and make recommendations to project funders or implementors. Evaluators for the most part act alone in conducting traditional evaluations and view project stakeholders as information sources rather than as coparticipants in the evaluation. In the traditional evaluation approach, evaluators are hired as "outside experts" to provide independent, disinterested judgments on project performance and offer recommendations for improvement.

Strategic evaluation as depicted by the diagram proceeds quite differently. It starts with an *issue*, not a topic, making it more dynamic and implying that differences of opinion about a situation, perhaps even controversy, may exist. An issue is in fact defined by the individuals involved in a situation, such

Comparison of Strategic Versus Traditional Evaluation Methods



as a project, who disagree about what is happening, about whether there is success, and about what the future course should be. An important purpose of strategic evaluation is to try to resolve the issue. This involves getting people to share their points of view about the issue and try to reach consensus on what to do about it.

In strategic evaluation, the issue is brought before a group of key stakeholders for discussion and brainstorming. The group members then report why they believe the issue exists and what needs to be known and decided before a solution is found. This aspect of the evaluation process is called "mind mapping" to capture the depth and precision of the brainstorming process in which the complexities of an issue are laid out visually and in detail so all can see and understand what needs to be done.

At this point in strategic evaluation, evaluators identify and articulate themes, such as "How do we develop effective working relationships among project consultants, host country counterparts, and beneficiaries?" Constructing themes allows evaluators to uncover problems underlying the issue and to phrase positive actions that can be taken to solve the issue.

After themes are identified, root definitions are developed to make themes more specific and to inform project stakeholders of concrete action steps that can be taken to solve the problems identified and improve the project. For example, a root definition for developing effective working relationships might include "improving the roles and lines of managerial command of the various project partners."

The next step in strategic evaluation is to develop conceptual models of improvement for each root definition, which state even more precisely than root definitions what needs to be done to solve an issue. Models of improvement for the example above might include developing joint decision-making management systems, clarifying the roles of project implementors, better understanding the perspectives of others, and jointly defining responsibilities.

Once these root definitions are developed, again in a group situation, then debate about desirable and feasible change can take place. This debate occurs among those most directly affected by the conceptual models of improvement. In the example, project contractors, host government counterparts, and beneficiaries would meet to debate aspects of their relationship and attempt to reach consensus about what their various roles should be, what an effective working relationship should be, and what steps they could take to ensure that their relationship becomes more transparent, more satisfying, more manageable, and more productive.

Debate leads to mutually planned actions and subsequently to actions that will improve the working relationship and consequently the project as a whole. This evaluation outcome is very different from the outcome of a traditional evaluation in which recommendations for improving the working relationship may be laid out but no attempt would be made to bring the individuals involved together to talk through the issue and reach agreement on how to improve the situation. In strategic evaluation action is inherent in the evaluation process; it is not the expected next step after an evaluation report is completed. Process is a very critical component of strategic evaluation, and the evaluator becomes a process facilitator, whose success is measured not by the validity of his or her judgments, but by his or her ability to enlist project stakeholders in identifying and focusing on the real issues of the situation. Evaluators must be keen leaders who are talented at facilitating productive and nonthreatening discussion and debate about sometimes very controversial and emotional situations. Evaluation reports become less critical to the outcome and interpersonal relationships become key.

For further information on strategic evaluation see Management Systems International's 1991 evaluation of "E.A.R.T.H" in Costa Rica and Pragma Corporation's 1988 evaluation of the Pakistan Agricultural University. Reports for both evaluations are available from the DISC, 1500 Wilson Boulevard, Suite 1010, Arlington, VA 22209-2404, (703)351-4006.

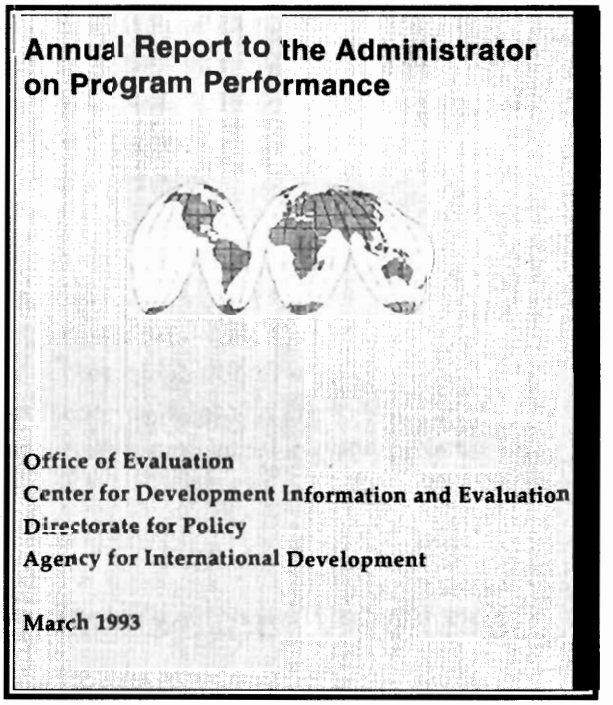
Evaluation News

Agencywide Program Performance Monitoring and Evaluating for Results

by Gerald Britan,
Center for Development Information and Evaluation

In March 1993, A.I.D.'s Center for Development Information and Evaluation (CDIE), Office of Evaluation completed its first annual report to the Administrator on Agencywide program performance. Based on the results of an enhanced and more rigorous agenda for central program evaluations and on findings from the Agency's system of Program Performance Information for Strategic Management (PRISM), the report summarizes A.I.D.'s work in such key areas as economic development, human development, environment and natural resources management, and democracy and governance. The report provides the reader with the following information and analyses:

- Review of Agency progress in measuring program performance
- Summaries of Mission program objectives and strategies
- Descriptions of intended and, to the extent possible, actual results of these programs
- Highlights of findings from CDIE's central program evaluations
- Review of steps being taken to strengthen performance monitoring and evaluation for results-oriented decision-making



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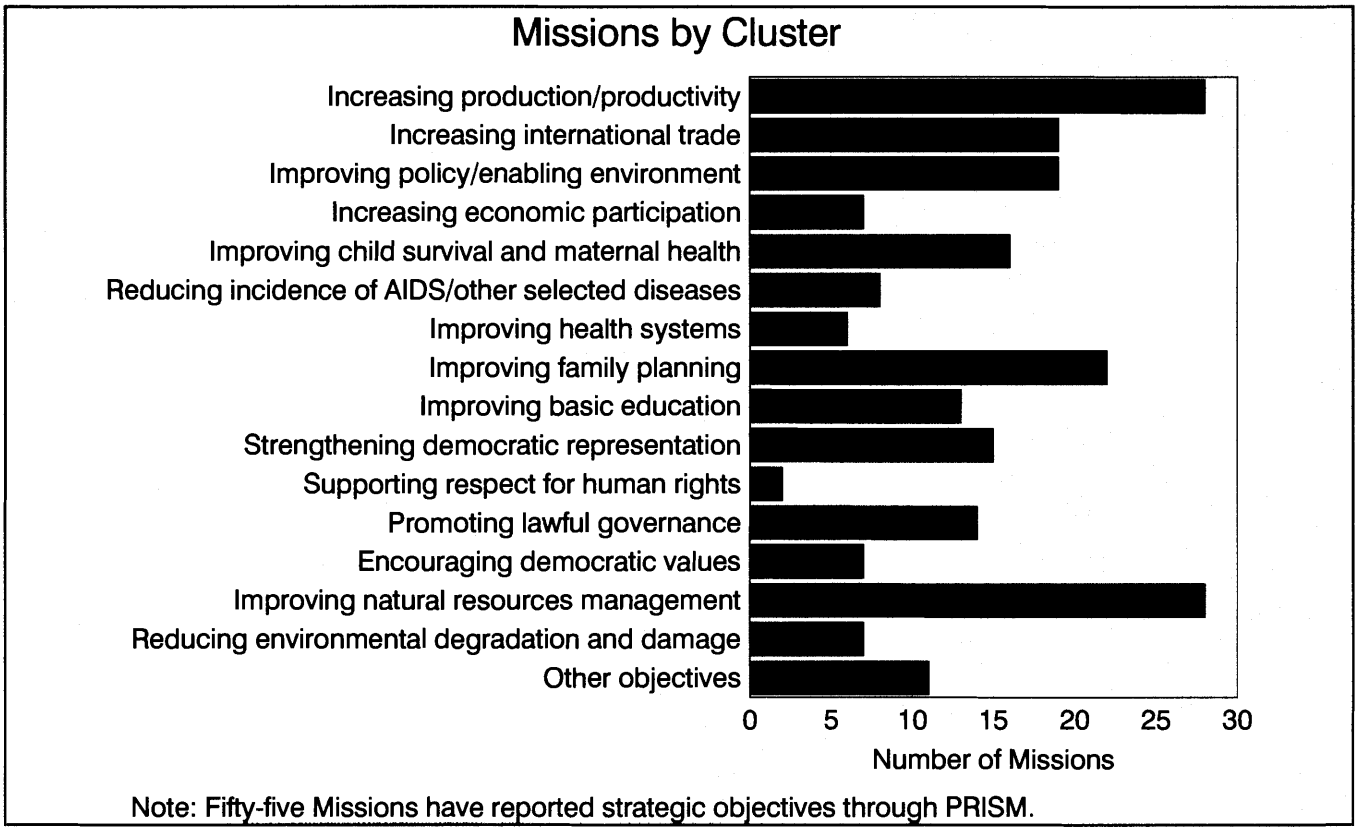
Findings From Fiscal Year 1992 Performance Monitoring

PRISM and central program evaluations are complementary activities. Central program evaluations seek to answer the questions of why programs succeed or fail and what actions may help Missions achieve their objectives. They focus on comprehensive and rigorous analyses of Agencywide programs and closely examine A.I.D. program and project experience to learn the important lessons for future performance. CDIE has increased the number of evaluations it conducts and has added a new area of inquiry—the assessment of Agency operations and management systems.

PRISM concentrates on monitoring for results by helping Missions articulate focused strategic plans and establish corresponding performance information systems for routinely assessing program progress. It enables Missions to identify programs that are reaching targeted objectives and those that are experiencing problems. Using PRISM, Mission decision-makers are better able to modify strategies based on performance results.

The PRISM database incorporates information submitted annually by Missions on strategic objectives and progress in achieving them. For fiscal year 1992, PRISM included information on 185 strategic objectives collected from 55 Missions. The objectives were grouped for analysis into 15 clusters under 4 themes: economic development, human development, environment and natural resources management, and democracy and governance.



A.I.D.'s review of Mission strategic objectives this year revealed broad patterns of theme priorities Agencywide. As illustrated in the figure and the following ranking of clusters, economic development was the predominate goal; human development had the next highest priority.

- *Economic Development objectives* were reported by all but two Missions included in PRISM. Clusters under this theme included
  - Increasing production and productivity (28 Missions)
  - Increasing international trade (19 Missions)
  - Improving the policy/enabling environment (19 Missions)
  - Increasing economic participation (6 Missions)
- *Human Development objectives* were reported by nearly 70 percent of Missions and were grouped in the following clusters:
  - Improving family planning (22 Missions)
  - Improving child survival and maternal health (16 Missions)
  - Improving basic education (13 Missions)
  - Reducing the incidence of AIDS and other selected diseases (7 Missions)
  - Improving health systems (4 Missions)
- *Environmental and Natural Resources Management strategic objectives* were reported by more than one-half of Missions. Clusters under this theme included
  - Improving natural resources management (28 Missions)
  - Reducing environmental degradation and damage (6 Missions)
- *Democracy and Governance strategic objectives* were being pursued by nearly one-third of Missions and are grouped in PRISM as follows:
  - Strengthening democratic representation (15 Missions)
  - Promoting lawful governance (14 Missions)
  - Encouraging democratic values (6 Missions)
  - Supporting respect for human rights (2 Missions)

Assessing program performance over time involves making comparisons between expected and actual results while taking into account preintervention trends, prevailing Agencywide targets, and resources invested. CDIE's analysis of performance for five of the better documented program areas led to the following observations:

International trade. Across countries with international trade programs, Missions expected increases from 10 percent to 20 percent in the value of

nontraditional exports during their planning periods. For all countries where data were available, actual increases from baselines in nontraditional exports were below expected increases.

Child survival. Twenty-five percent of the country programs with child survival strategic objectives have achieved the Agency's infant mortality target of 75 infant deaths per 1,000 live births. The average expected annual reduction in infant mortality for all reporting countries was 1.9 deaths per 1,000.

Family planning. Baseline contraceptive prevalence rates (CPR) varied significantly from 1 to 2 percent in some African countries to as high as 55 percent in Latin America. Expected changes in CPR varied from .25 percent to 1.6 percent annually. Three countries achieved higher CPRs than projected and others came very close to achieving their expected results.

Basic education. Thirty-eight percent of Missions with basic education strategic objectives expected increases in enrollment rates, while others sought to maintain current enrollment levels. Most Missions made progress in achieving their basic education objectives.

Natural resources management. The annual report found that most Missions were making significant progress toward achieving their long-term objectives in natural resources management and that in some cases they expected to achieve major changes such as reductions in deforestation rates.

Findings and Recommendations From Recent Agencywide Evaluations

Several key lessons of recently completed or nearly completed CDIE evaluations of programs and management systems are summarized below.

Export and investment promotion services. A.I.D. programs supporting provision of export and investment services (e.g., market information and linkages with buyers) can be effective in favorable policy environments, particularly with macroeconomic stability and a realistic exchange rate. A.I.D. should consider assisting private service providers, not government institutions, and, as soon as the private sector develops the support service market, A.I.D. should phase out its support.

Development finance institutions. Development finance institutions have contributed little to strengthening financial markets in developing countries and are no substitute for sound financial market policies. In most cases these institutions have been unsuccessful in reaching small- and medium-size enterprises, in achieving sustainability, and in mobilizing domestic savings. In only a narrow array of circumstances should A.I.D. resources flow through development finance institutions.

Microenterprise development. Programs to assist microenterprises have aimed at forming new microenterprises, expanding existing microenterprises, and transforming or graduating businesses out of the microenterprise sector. Enterprise expansion through provision of credit at market interest rates or above proved to be the most successful of the three approaches in reaching large numbers of beneficiaries at low cost, in generating jobs, and in achieving sustainability.

Social safety nets. Most donor-assisted social safety net programs designed to cushion the poor from the hardships of economic structural adjustment have been poorly designed. Often the effects of adjustment on target populations are misunderstood, and such compensatory programs have disproportionately benefited groups other than those most in need.

A.I.D. economic policy reform programs in Africa. A.I.D. assistance to African countries in the late 1980s has had very positive short-term impacts. The removal of government controls on prices and markets, elimination of public subsidies and industrial protection, and elimination of monopolies by state-owned enterprises have positively affected prices, competition, and efficiency. The experience also indicates that the type of assistance provided was far less important than the soundness of the host country's policy reforms and government's ability to carry them out.

Child survival. A.I.D.'s child survival program has had considerable success in expanding coverage of basic maternal and child health care services and in contributing to declines in infant and child mortality. However, the effectiveness of the specific child survival interventions, ranging from immunization programs and child spacing programs (most often successful) to oral rehydration therapy (often ineffective), has varied considerably. A.I.D. programs should increase their attention on health sector policy and on improving the financial sustainability of child survival programs.

Legal systems development. Preliminary findings from Latin America indicate that strong constituencies beyond the judicial system itself (i.e., other public or private sector entities) must desire legal reform if real improvement is to take place. Furthermore, effective public and media vigilance is needed for judicial reform to have lasting results. Comprehensive programs incorporating police, courts, prisons, and sometimes the military are more likely to succeed than programs limited to only a specific component of the judicial system.

Environment and natural resources management. Preliminary results from a desk study indicate that there has been a tendency in many A.I.D. projects to deny, often erroneously, that trade-offs exist between economic development and conservation objectives. Project designs should realistically assess which groups are likely to benefit and which are likely to lose. Active involvement of beneficiaries in design and implementation appears to be associated with more successful local level efforts.

A.I.D.'s in-country presence. The chief advantages of A.I.D.'s in-country presence are (1) influence over program strategy and policy issues in dialogue with the recipient government and other donors and (2) program accountability for results. These advantages contribute to the effectiveness of U.S. assistance and can be best obtained through U.S. official staff on long-term overseas assignment. There are a number of opportunities to increase cost-effectiveness of A.I.D.'s in-country presence, while preserving its essential advantages. Most important is greater reliance on foreign nationals for many of the tasks currently performed by U.S. direct-hire staff and transition strategies for transferring responsibilities to recipient countries.

Performance-based budgeting. A.I.D.'s current approach to allocating funds among countries is based on an analysis of host-country conditions that affect the likelihood that funds can be used effectively. This "climate for investment" criterion is not true performance-based budgeting, because it rests on conditions largely beyond A.I.D.'s influence and does not link resource allocations to A.I.D. program results. The analysis recommends using development potential and need as basic criteria for country allocations, modified at the margin by expected program performance. It also stresses using performance-based budgeting principally to allocate funds within—not among—countries and basing performance based budgeting on the contribution of programs and projects to development objectives.

Further Steps in Strengthening Performance Monitoring and Evaluation

To manage effectively for results will require a continuing commitment by A.I.D. managers at all levels to the principles of strategic management. Over the next year, CDIE expects to enhance the value of program performance information by expanding program coverage, improving data quality, strengthening impact analysis, and improving dissemination. CDIE plans to review its evaluation agenda, relate evaluation findings to programming decisions, link program and resource data, strengthen performance measurement data, and expand performance measurement coverage.

USAID and CIDA Evaluation Seminar

by Richard Martin,
Center for Development Information and Evaluation

Members of the evaluation units of the Canadian International Development Agency (CIDA) and the U.S. Agency for International Development (A.I.D.) met in Washington, D.C., July 12-13, 1993.

The 2-day seminar was held to exchange views and experiences concerning evaluation of international development activities supported by the two donor agencies. CIDA and A.I.D. evaluators compared methodologies and findings in four areas in which both agencies have recently undertaken internal evaluations: (1) structural adjustment and policy reform, (2) private sector development, (3) staffing of donor agency field activities, and (4) donor support for nongovernmental organizations. Other sessions discussed the use of evaluation findings by donor agency management for decision-making and evaluation methodologies.

A second general topic was strategic management and performance measurement. The two donors compared experiences with "managing for results," an emphasis which is growing in importance in both agencies.

In most areas the seminar found striking similarities between the circumstances of the two agencies. Both face declining budgets, negative press and public perceptions of foreign aid, increasing micromanagement by legislators, and dispersion of programs among many activities and countries. These circumstances are making strong in-house evaluation capabilities more essential, both to inform management decisions that are being made concerning the restructuring of programs and to document the results of the agencies' activities.